



# **AuStar Gold Limited**

ABN 70 107 180 441

---

## **Annual Report**

### **2018**

Corporate Directory	3
Directors' Report	4
Consolidated Statement of Profit and Loss and Other Comprehensive Income	25
Consolidated Statement of Financial Position	26
Consolidated Statement of Cash Flows	27
Consolidated Statement of Changes in Equity	28
Notes to the Financial Statements	29
Directors' Declaration	51
Independent Auditor's Report	52
Auditor's Independence Declaration	57
Shareholder Information	58

### Corporate Governance:

The Company's updated Corporate Governance was released to the ASX and is available at [www.AuStargold.com](http://www.AuStargold.com)

---

**Directors**

---

Mr Frank Terranova	Non-Executive Chairman
Dr Richard Valenta	Non-Executive Director
Mr Ian King	Non-Executive Director
Mr Matthew Gill	Non-Executive Director

---

**Company Secretary**

---

Mr Brent Hofman

---

**Principal Place of Business  
And Registered Office**

---

Level 6  
15 Astor Terrace  
Spring Hill QLD 4000

---

**Contact Details**

---

Mail: PO Box 208  
Spring Hill QLD 4004

Website: [www.AuStargold.com](http://www.AuStargold.com)  
Email: [info@AuStargold.com](mailto:info@AuStargold.com)  
Tel: +61 7 3319 4120

---

**Auditors**

---

Hall Chadwick  
Level 40  
2 Park Street  
Sydney NSW 2000

---

**Solicitors to the Company**

---

Thompson Geer  
Level 16  
1 Eagle Street  
Brisbane QLD 4000

---

**Share Registry**

---

Security Transfer Registrars  
Alexandria House  
Suite 1  
770 Canning Highway  
Applecross WA 6153

Tel: +61 8 9315 2333  
Fax: +61 8 9315 2233

---

**Stock Exchange**

---

Australian Securities Exchange  
Level 40, Central Park,  
152-158 St Georges Terrace  
Perth WA 6000

ASX Code: AUL

Your Directors present their report for the year ended 30 June 2018.

## DIRECTORS

The names and details of the Directors in office at any time during or since the end of the financial year are as follows:

Mr Frank Terranova – Non-Executive Chairman (*Appointed 3 August 2018*)

Dr Richard Valenta – (*Appointed 26 July 2016*) Executive Director (*26 July 2016 to 28 February 2017*)  
Non- Executive Director (*from 1 March 2017*)

Mr Ian King – Non-Executive Director (*Appointed 23 June 2016*)

Mr Matthew Gill – Non-Executive Director (*Appointed 22 August 2016*)

Mr Robert Barraket – Non-Executive Chairman (*Resigned 1 August 2017*)

All Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

### **Mr Frank Terranova – Non-Executive Chairman**

**Qualifications:** BCom, FCA

**Appointed:** 3 August 2018

Mr Terranova has a long and successful corporate career in the resource space with a particular concentration on the gold sector. He was the Chief Financial Officer and Managing Director at Allied Gold Mining Plc, the Managing Director of Polymetals Mining Limited and Acting Managing Director of Unity Mining Limited. He had also served as the Chairman of Chesser Resources and Taruga Gold.

Over the past three years Mr Terranova has held Directorships with the following ASX-listed companies:

<b>Company</b>	<b>Commenced</b>	<b>Ceased</b>
Mayur Resources Limited	July 2017	Current
Chesser Resources Limited	February 2015	October 2015
Unity Mining Limited	May 2015	July 2016
Taruga Gold Limited	September 2013	July 2016
Freehill Mining Limited	December 2017	July 2018

### **Dr Richard Valenta – Non-Executive Director**

**Qualifications:** BSc, PhD, PGeo, Ausimm, MAICD

**Appointed:** 26 July 2016

Dr Valenta is a former Managing Director of Chesser Resources Limited with over 30 years' experience in Australia and internationally, including the successful discovery, advancement and sale of the Kestanelik project in Turkey. Over the past 15 years, Dr Valenta has played a key role in the discovery and advancement toward production of a number of significant gold projects and has directed exploration expenditure in excess of US\$100 million, resulting in the discovery and advancement of resources with a total in-ground value of \$US\$10 billion.

Over the past three years Mr Valenta has held Directorships with the following ASX-listed companies:

<b>Company</b>	<b>Commenced</b>	<b>Ceased</b>
Chesser Resources Ltd	July 2007	February 2015

**Mr Ian King – Non-Executive Director**

**Qualifications:** BCom (Hons), LLB

**Appointed:** 23 June 2016

Mr King is a founding Director of Sydney-based boutique corporate advisory business, BBB Capital Pty Ltd. He has more than 25 years' experience in investment banking and corporate advisory services across a broad range of sectors including mining and resources.

Over the past three years Mr King has not held other Directorships with any other ASX-listed companies.

**Mr Matthew Gill – Non-Executive Director**

**Qualifications:** B.Eng (Hons, Mining), M.Eng.Sc, AusIMM, GAICD

**Appointed:** 22 August 2016

Mr Gill is a mining engineer and senior executive with over 30 years' experience in Australia and internationally, including the successful re-commissioning, development and operation of three underground gold mines (Ballarat, Beaconsfield and Porgera). He has a broad depth of technical, operational and corporate experience with large blue chip companies and smaller emerging miners.

Over the past three years Mr Gill has held Directorships with the following ASX-listed companies:

<b>Company</b>	<b>Commenced</b>	<b>Ceased</b>
White Rock Minerals Limited	1 August 2016	Current

**Mr Robert Barraket – Non-Executive Chairman**

**Qualifications:** LLB

**Appointed:** 23 June 2016

**Resigned:** 1 August 2017

**Directorships with ASX Listed Companies (last 3 years):** Axiom Mining Limited

**INTERESTS IN THE SHARES AND OPTIONS OF THE CONSOLIDATED ENTITY**

As at the date of this report, the interests of the Directors in the shares and options of AuStar Gold Ltd were:

	Ordinary Shares		Options / Performance Rights	
	Direct	Indirect	Direct	Indirect
Frank Terranova – Non-Executive Chairman	-	-	-	-
Richard Valenta – Non-Executive Director	-	-	20,000,000	-
Ian King – Non-Executive Director	-	-	20,000,000	-
Matthew Gill – Non-Executive Director	-	-	20,000,000	-

**COMPANY SECRETARY**

**Mr Brent Hofman (previously Mr David Kinsman resigned on 8 February 2018)**

**Qualifications:** LLB, BCom, CA

**Appointed:** 8 February 2018

Mr. Hofman has 20 years' experience in financial reporting and corporate management with a focus on the natural resources industry including the last three years as the Group Finance Manager of Brisbane based ASX-listed Exploration Company. Prior to this, Brent was employed for two years as a Finance Manager with Southern Cross Gold Fields Limited a Gold and Silver production company. Brent had previously worked in the business services and corporate division of PwC in Queensland and for ten years was the Finance Manager of a dual-listed (NASDAQ/ASX) oil and gas production company. Brent has a Bachelor of Law, a Bachelor of Commerce, is a member of the Institute of Chartered Accountants and is a Justice of the Peace (Queensland, Australia).

**OPERATING RESULTS**

The loss of the consolidated entity for the year ended 30 June 2018 after providing for income tax amounted to \$706,170 (2017: \$7,636,986).

**FINANCIAL POSITION**

The net assets of the consolidated entity are \$8,589,045 as at 30 June 2018 (2017: \$4,701,198).

**PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN AFFAIRS**

AuStar Gold Limited (ASX:AUL) (the “Company”) is an ASX listed emerging gold miner with its principal projects (Morning Star Gold Mine and Rose of Denmark mine) located in Victoria. The Company in December 2017 changed its name to reinforce its emerging gold producer status with its key assets in the historically gold rich region of the Walhalla to Jamieson gold field.

During the period:

- The company changed its name from Mantle Mining Corporation Ltd to AuStar Gold Limited.
- Divestment of non-core leases and assets, principally the Norton Gold project along with other Queensland leases.
- Drilling and historical research on the Stacpoole zone was completed with a geological interpretation for proposed development provided.
- Morning Star Shaft and winder recommissioning completed without any significant issues
- Ventilation and safe shaft access established in the mine for development to the Stacpoole zone
- Development of the Stacpoole zone completed with detailed geological mapping and sampling. The outcome of which, reflected the diamond drilling results of a lower grade zone without significant upgrade.
- Successful recommissioning of the Morning Star gravity processing plant, including the disposal of tailings underground in the old Whitelaw’s stope.
- Pouring of gold ingots further proving the ability of the gravity processing plant.
- Extensive diamond drilling at the Rose of Denmark (RoD) mine with numerous visible gold intersections proving the existence of anomalous gold for further testing.
- The Company consolidated the ownership and control of the RoD lease.
- Trial mining at RoD beginning early in FY 2018
- All activities undertaken safely and environmentally consciously.

**PROJECT OVERVIEW****Morning Star Gold Mine – MIN5009**

The Company holds a 95% interest in Morning Star Gold NL, which in turn owns the Morning Star mine and MIN 5009. Morning Star has a number of positive characteristics which demonstrate its potential to create value for AuStar Gold shareholders:

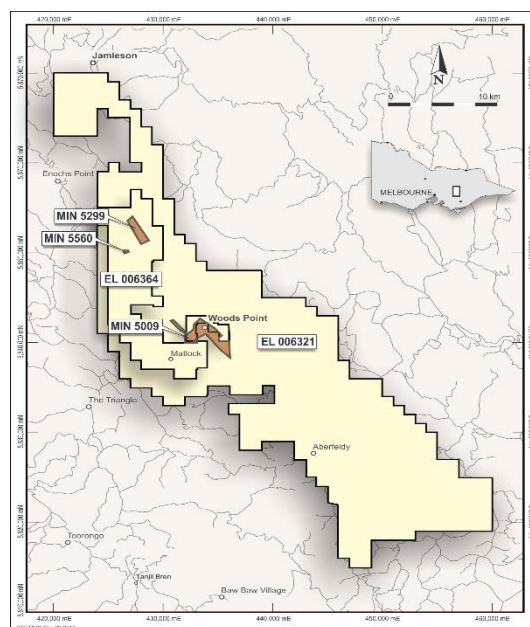
- For information on the existing resource, please refer to the report entitled “910,000 Ounces Gold JORC Resource” created on 30 July 2008, which is available to view at [www.asx.com.au](http://www.asx.com.au) under ASX code MCO.
- A fully recommissioned gravity processing plant on site.
- Mains power at the site (500 KVA line);
- A refurbished and recommissioned shaft (down to 300 metres below surface) with new winder also recommissioned for use.
- An existing paste plant attached to the gravity process plant for environmentally-friendly in-mine disposal of tailings;
- AuStar Gold is the dominant landholder in the district with 667 km<sup>2</sup> under tenement in a large region of historically-mined high grade reefs, supporting the expectation that new discoveries would be similarly high grade; and
- A local and corporate team with significant experience in the development, construction and mining of high grade underground gold deposits.

The Morning Star Gold Mine is located near the town of Woods Point approximately 120 km Northeast of Melbourne (Figures 1 and 2).

**Figure 1:** Morning Star gold mine location.

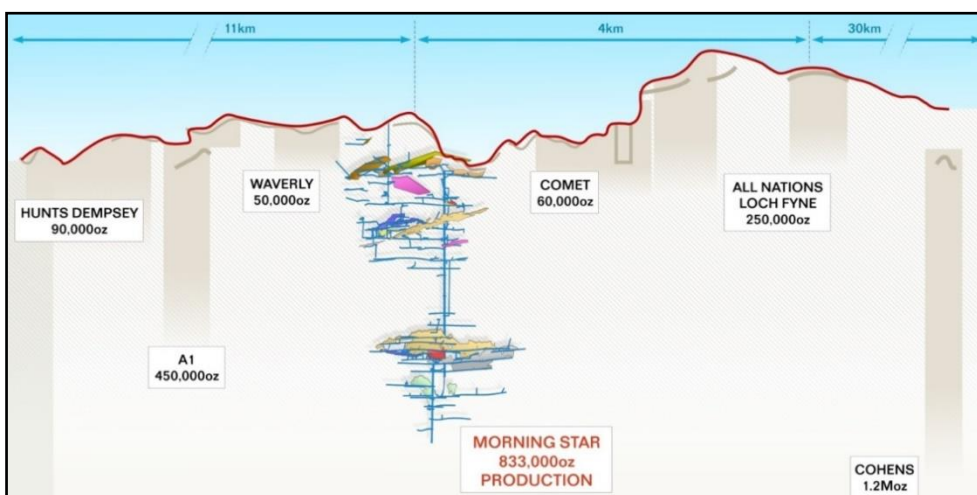


**Figure 2:** AUL Tenements.



Historic mining occurred in the upper levels of the mine and Gold Mines of Australia (WMC Ltd) operated the mine between 1934 and 1959 (predominantly in the deeper levels). Morning Star is reported to have produced 883,000 Oz Au at an average grade of 26.6 g/t Au over its lifetime, of which 200,000 Oz's was from 2 level and above. The mine closed in 1964 when the gold price was fixed at \$35/oz, and it was allowed to flood (Figure 4).

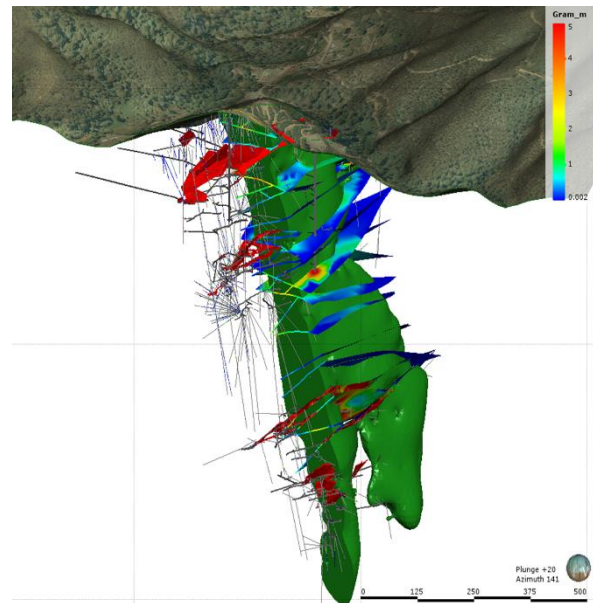
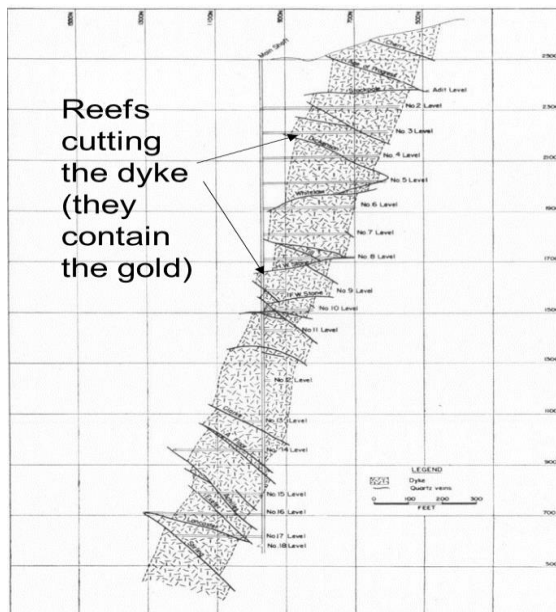
**Figure 3:** Regional gold mines with historic production (A1 and Cohens held by others)



The mine exploits narrow quartz veins with deposits hosted in a diorite dyke that is 700m long by 120m wide. The quartz veins are stacked and range from 50 mm to 2m thick. Historic workings continue underground for 815m below the surface, to 25 Level, and the dyke remains open at depth (Figures 4 and 5).

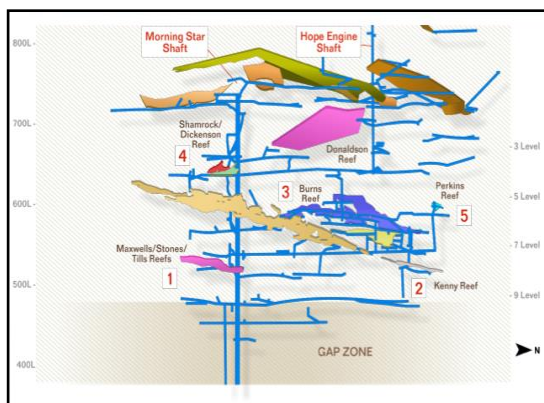


**Figure 4:** Historical Morning Star dyke cross section. **Figure 5:** Morning Star dyke oblique 3D view



Morning Star Gold NL acquired the assets in 1992 and a new headframe and winder were installed. The mine was subsequently de-watered down to below 10 Level and development drives rehabilitated in the upper levels. Initially, production was targeted from remnant stopes above 10 Level, short distances from the refurbished shaft. (Figure 6).

**Figure 6:** Production targets in upper areas of the mine.



**Figure 7:** Morning Star process plant.



A new beneficiation plant was installed and a paste backfill plant built. Supporting infrastructure includes a water treatment plant, surface and underground power supplies and various site offices, workshops and a miner's camp (Figure 7). Numerous other dyke hosted mines exist on the Morning Star Gold NL tenements.

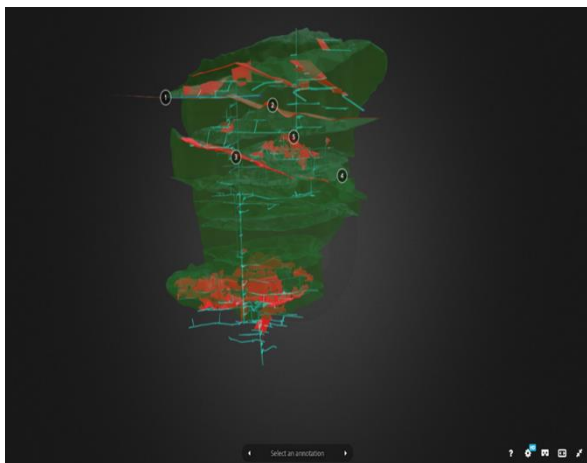
Gold at Morning Star is predominately free milling, with the remainder being as a high grade concentrate from a simple gravity processing facility. The gravity process plant is located centrally and is the only plant in the region.

An extensive geological data reinterpretation of the large amount of sample and drill hole data was undertaken with an interactive 3D model developed to assist with the visualisation of the mined orebodies and areas that may still hold potential orebodies. This can be found on the AuStar Gold website or directly on <https://skfb.ly/X8SD> (Figure 8).

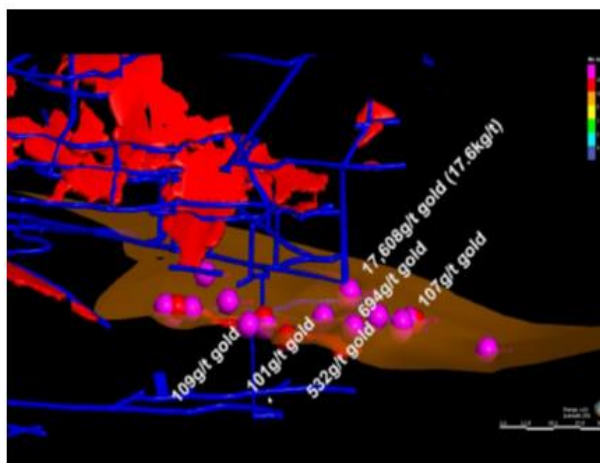


The data review revealed a great number of isolated high grade targets that require additional follow up. Some targets are quite distant from any existing development or stoping and have not been tested in the past. The Kenny orebody was identified as a high grade and potentially economically viable orebody as outlined in ASX release dated 15 May 2017.

**Figure 8:** Interactive 3D model



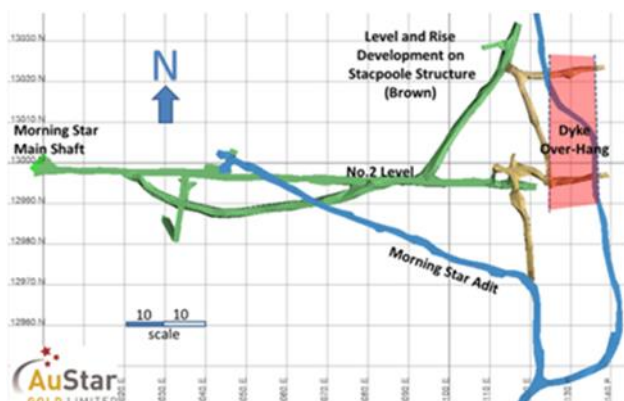
**Figure 9:** Kenny's reef with high grade drill holes



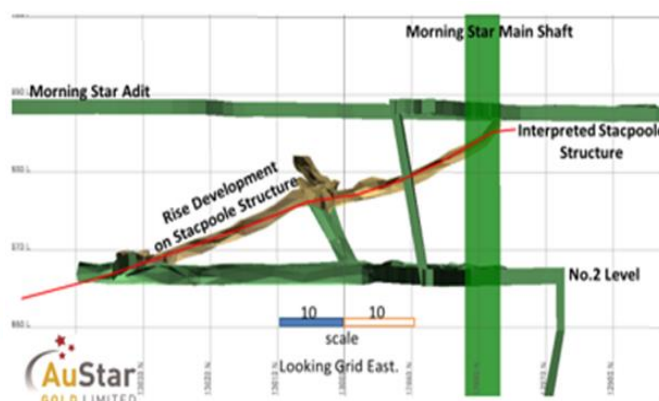
### Stacpoole Zone

The focus of activities in the first quarter was the continued diamond drilling and geological interpretation of the Stacpoole zone, with the confirmation of the traditionally favourable offset of dyke over sediment environment identified.

**Figure 10** 2 Level plan (green), Stacpoole zone development Brown and Morning Star adit (Blue)



**Figure 11:** Cross Section showing Stacpoole Zone development (Brown)

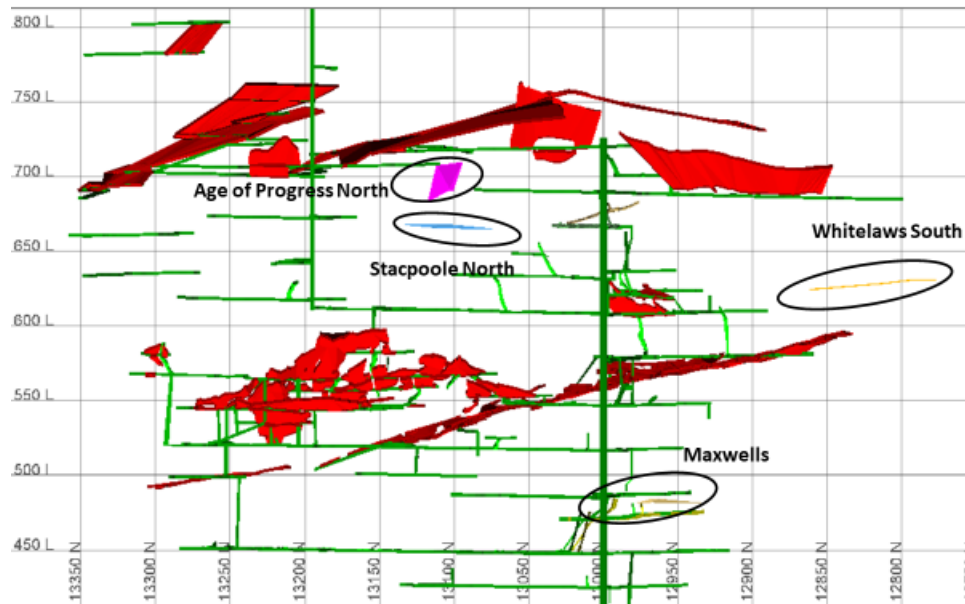


Following the first quarter of diamond drilling, development was undertaken on the 2 Level to access to the Stacpoole Zone structure. Development continued on the structure, on several horizons as well as breaking into the Morning Star adit. (Refer to Figures 11 and 12). Material from the structure was then processed through the gravity process plant, which identified a small upgrade from the diamond drill holes drilled into the structure, but replicated the reconciled geological face sampling from development, all being sub-economic in nature.

That part of the Stacpoole zone where the Company undertook initial development was determined to be uneconomic. However the program proved the effectiveness of the gravity process plant and the underground tailings disposal process.

Following the Stacpoole Zone development , a geological review was undertaken, with four (4) near term exploration targets identified from AuStar Gold's existing drill hole database (refer to Figure 12). Early in the FY2019, the diamond drill resources operating at Rose of Denmark mine were relocated to the Morning Star mine, with the Maxwell's (Stones) reef area being the first target. The mining resources were consequently relocated to the Rose of Denmark Mine.

**Figure 12:** near term drilling targets at the Morning Star Mine

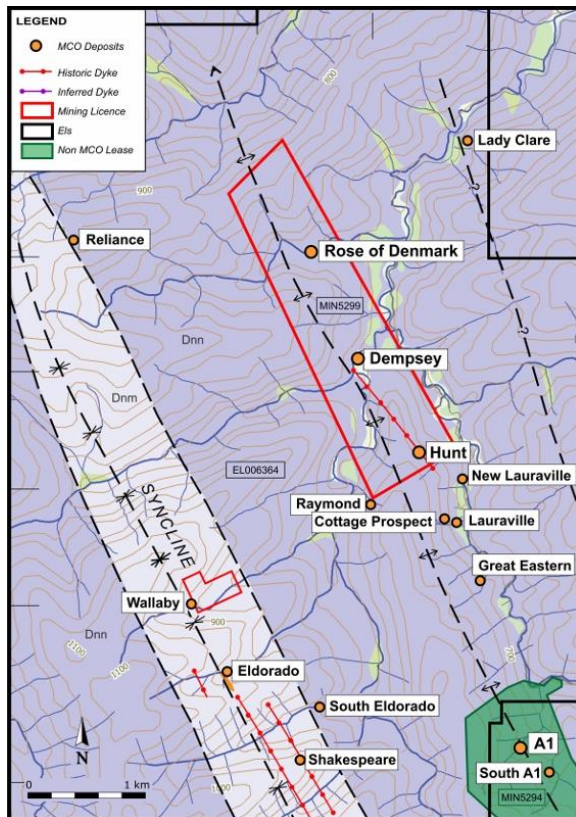


#### Rose of Denmark Mine (RoD) - MIN5299

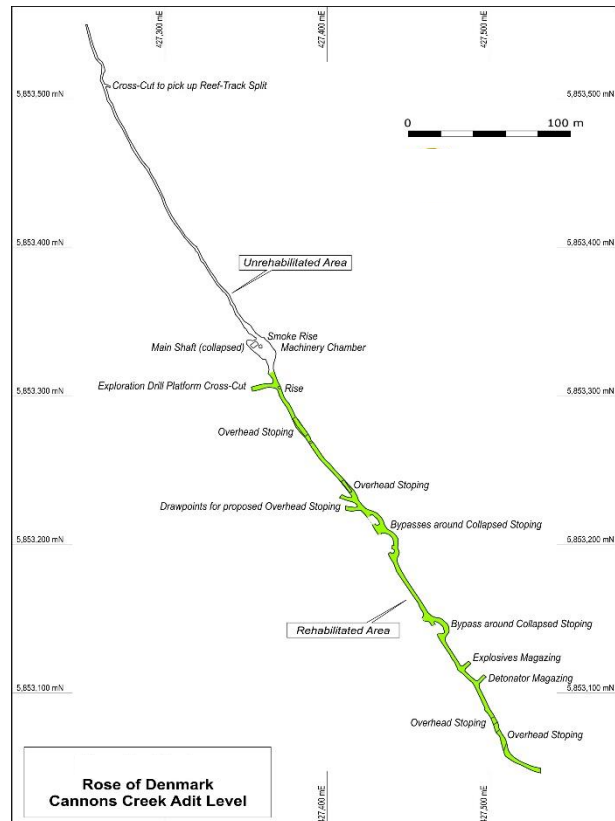
The Rose of Denmark (RoD) is approximately 22 Km by road from the Morning Star Processing plant and is located to the north of and is on the same line of workings as the operating A1 mine (ASX:CTL) Refer to Figure 14.

Mining Licence (MIN5299) which hosts the Rose of Denmark (RoD) mine had been operated in a joint venture between Shandong Tianye Real Estate Development Group Co Ltd ('Shandong') and Morning Star Gold NL. In June 2018 AuStar Gold acquired from Shandong its 51% interest in MIN 5299. The acquisition occurred by way of an issue of shares and options in AuStar Gold (refer to ASX: AUL 26 June 2018).

**Figure 13:** RoD lease in relation to A1 Mine



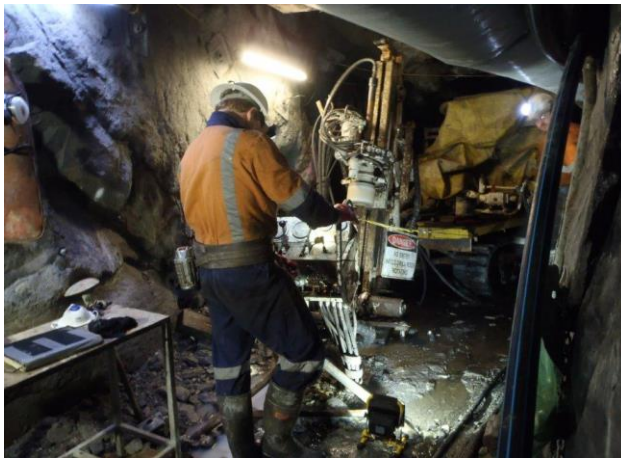
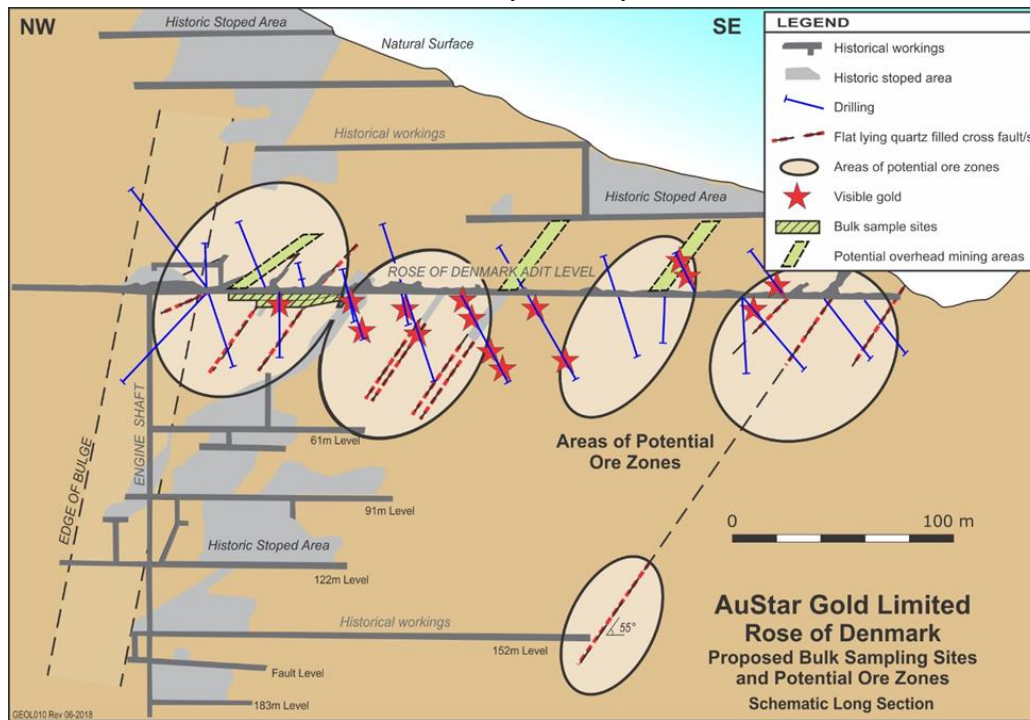
**Figure 14:** Plan showing limit of rubber tyre access at RoD (green)



The Rose of Denmark mine is an adit that is fully ground supported, with a 2.8 m wide opening and accessed using rubber tyred equipment. A diamond drill program commenced in December 2017 and resulted in a significant number of visible gold hits, and subsequently led to a trial mining exercise to compare the grades of the diamond drill holes, test the continuity of the gold bearing structures, and reconcile production grade in comparison to the head grade after processing at the Morning Star processing plant. This mining exercise commenced starting in July 2018 and progress has been subsequently reported by ongoing ASX release. (ASX: AUL).



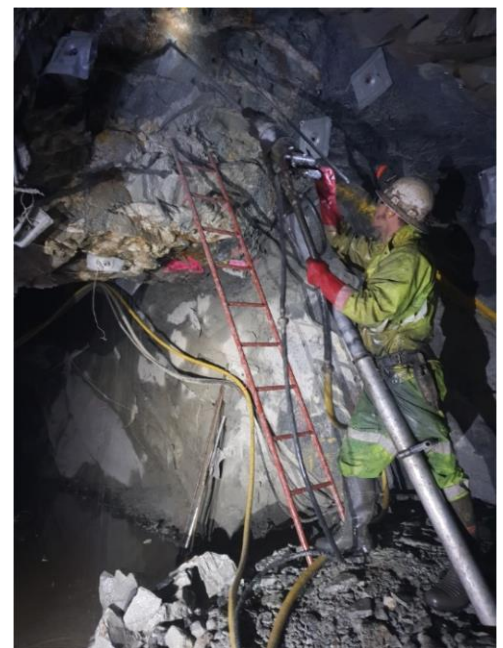
**Figure 15:** RoD visible gold hits and proposed trial mining areas for bulk sampling and processing – Presently underway.



**Figure 16:** Above: Track mount diamond drill rig drilling at RoD.



**Figure 17:** Above: Diesel loader operating in RoD mine.



**Figure 18:** Above: Miner drilling Rise for bulk sample at Target Location 1.

## Processing Plant

The processing plant was successfully recommissioned in the last quarter of the year with the processing of low grade stockpiles from 2012. Processing of Stacpoole zone material and recently material mined from RoD has also been processed in the Gravity plant.

A maiden gold ingot was poured in May 2018 (ASX: AUL 31 May 2018) and subsequently a number of additional ingots have been produced, continuing to prove the capability of the gravity process plant, and reaffirming its strategic value as the only processing plant in the region.

**Figure 19.** Gold ingots following the initial maiden pour (Maiden ingot not included).



## AuStar Gold's Core Operating Principles

The Company core operating principles to minimise cost and risk can be summarised as follows:

- Develop multiple ore sources, in-mine and intra mine
- Select mining method that allows variance in plan as data is found
- Select core team of quality people, set clear goals and objectives
- Use modern exploration techniques
- Use data to justify expenditure on focussed drilling
- Minimise capital commitments and lead times
- Minimise permanent employees to provide flexibility and accommodate variances in plan
- Maximise variable cost and minimise fixed costs
- Rolling Plan, reviewed regularly
- Regular communications



**Table 2:** AuStar's Tenement Schedule.

Tenement	Project	Name	Grant Date	Expiry Date	Area	Interest (%)
MIN 5009	Morning Star	Morning Star	21/09/1990	21/09/2023	657 Ha	95
MIN 5299	Morning Star	Rose of Denmark	10/11/1981	Renewal	211 Ha	97.55
MIN 5560	Morning Star	Wallaby	17/12/2013	16/12/2018	10 Ha	95
EL 6321	Wood Point	Morning Star	27/08/2018	26/08/2023	566 km <sup>2</sup>	95
EL 6364	Wood Point	Morning Star	27/08/2018	26/08/2023	101 km <sup>2</sup>	95
EL 6074	Lionsville	Lionsville	22/05/2003	6/05/2019	4 units	100

## CORPORATE ACTIVITIES

During the financial year, the Company undertook the following key corporate activities:

- *New Corporate Identity: AuStar Gold Limited*

On 15 December 2017 the Company changed its name to AuStar Gold Limited (ASX: AUL), previously known as Mantle Mining Corporation Ltd (ASX: MNM) following shareholder approval at the annual general meeting held on 30 November 2017.

- *Convertible Loan Note Facilities*

In August 2017, the Company secured \$3 million funding to complete the acquisition of Morning Star Gold Mine. \$1.5 million was raised through a convertible loan facility from sophisticated investors. Another \$1.5 million was raised via a loan note and convertible note facility made up of three tranches of \$0.5 million each. At 30 June 2018, all three tranches totalling \$1.5 million had been drawn down and of the total of 1,172,500 convertible notes issued, only 136,075 notes remained unconverted at year end.

- *Completion of acquisition of Morningstar Gold NL*

On 30 August 2017, the Company made the final \$1 million payment to complete the acquisition of Morningstar Gold NL.

- *AuStar Gold acquires full control of Rose of Denmark*

On 26 June 2018, the Company completed the acquisition of the remaining 51% interest in Mining License MIN 5299 which hosts Rose of Denmark mine from Shandong. The acquisition was by way of issue of 28,517,110 ordinary shares and 45 million unlisted options.

- *Sale of Non-core Assets*

The sale of Charters Towers and Granite Castle assets was completed on 20 February 2018 and the sale of Norton Asset was completed on the 29 June 2018. A total of \$1.075 million was realised in cash from the non –core asset sale program.

## SHARE CAPITAL

During the financial year, the Company issued 579,919,694 (2017:316,669,588) ordinary shares via placements, on exercise of options, conversion of convertible shares, payment for services and for acquiring the full control of Rose of Denmark.

**DIRECTOR AND EMPLOYEE FEE PLAN**

At the Annual General Meeting held on 13 November 2014, Shareholders approved the Company's Directors and Employees Fee Plan ("Plan") under which any full or part-time employee, Director of the Company and certain contractors (or their nominee) could elect to be paid some or all of the cash remuneration payable to them by the issue of shares.

**EXPENDITURE**

New funds raised with the support of existing and new shareholders were applied to acquisitions, exploration and mine development programs. Corporate overheads continued to be held at low levels by the maintenance of a very flat management structure.

The Directors continue to focus the Company's resources on its high grade Morning Star and Rose of Denmark gold mines and adjoining tenements.

**DIVIDENDS PAID OR RECOMMENDED**

The Director's do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

**ENVIRONMENTAL ISSUES**

Since acquiring the Morning Star gold mine, the Company has been addressing the key environmental risks at the site to ensure full compliance with current environmental guidelines, Issues being addressed are primarily related to operation of the water treatment plant for mine dewatering. Replacement of the filter dam and mine discharge. During the course of the financial year, the Company has consulted extensively with relevant state government authorities; and industry consultants in order to mitigate and resolve these issues.

Community feedback has been positive and supportive, with no community complaints recorded.

**FORWARD LOOKING STATEMENTS**

This Report may include statements deemed "forward-looking statements". Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially.

**CONTINGENT ASSETS AND LIABILITIES**

The Company did not have any material contingent assets or liabilities as at 30 June 2018.

**EVENTS SUBSEQUENT TO BALANCE DATE**

Subsequent to the period end, the consolidated entity announced the following to the ASX:

- On 3 August 2018, Mr Frank Terranova was appointed as Non- Executive Chairman;
- On 13 August 2018, the Company announced that it had secured binding commitments from professional and sophisticated investors to a placement to raise \$5.5 million in two tranches. The first tranche (\$0.78m) was unconditional with the second tranche (\$4.72m) conditional on shareholder approval at a general meeting of shareholders.
- On 13 August 2018, the Company announced a share purchase plan to allow current shareholders to participate in the capital raising at the same price as the placement. The share purchase plan offer sought to raise \$1 million (with the ability to accept oversubscriptions for a further \$1 million)
- The Company has provided regular updates on the progress of its drilling and operational programs at the Morning Star Gold Mine.

Other than disclosed above, the Directors are not aware of any matters or circumstances not otherwise dealt with in this report or consolidated financial statements that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

**REMUNERATION REPORT (Audited)**

This report details the nature and amount of remuneration for each Director of AuStar Gold Limited, and other key management personnel, in accordance with the requirements of the Corporations Act 2001 and its Regulations Remuneration policy

In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice may also be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

**Performance-based remuneration**

The Board recognises that the Company operates in a global environment. To prosper in this environment the consolidated entity must attract, motivate and retain key executive staff.

The principles supporting the consolidated entity's remuneration policy are that:

- Reward reflects the competitive global market in which we operate;
- Rewards to executives are linked to creating value for shareholders. Where possible, reward in the form of options are set with exercise prices materially above the share price at the time of grant;
- Remuneration arrangements are equitable and facilitate the development of senior management across the consolidated entity; and
- Where appropriate senior managers may receive a component of their remuneration in equity to align their interests with those of the shareholders.

**Market comparisons**

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board may seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the consolidated entity's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the consolidated entity to reward key employees when they deliver consistently high performance.

**Board remuneration**

Shareholders approve the maximum aggregate remuneration for non-executive Directors. The Board determines actual payments to Directors and reviews their remuneration annually having regard to market practice, relativities, and the duties and accountabilities of Directors.

**Consolidated entity performance and link to remuneration**

The performance linked incentives include the awarding of performance rights and share options payments. During the last financial year, members of the Board were issued a total of 30 million options and 30 million performance rights, with vesting based on long term gold production targets. Options and performance rights were approved at the Annual General Meeting on 28 November 2016 and issued on 9 September 2017. The details are listed below.

The performance rights were granted at no consideration, do not have an exercise price and will lapse if the vesting conditions are not met. The 2 vesting conditions are:

- i) 15 million rights will vest when the sale of the first 1,000 ounces of Gold production occur prior to 31 December 2018
- ii) 15 million rights will vest when the sale of the 10,000 ounces of Gold production occur prior to 31 December 2019

The options with the expiry date on or before the fourth anniversary of the date of issue were granted at no consideration. They have an exercise price of 1.8 cents and will lapse if the vesting conditions are not met. The 2 vesting conditions are:

- i) 15 million options will vest when the sale of the first 1,000 ounces of Gold production occur prior to 31 December 2018
- ii) 15 million options will vest when the sale of 10,000 ounces of Gold production occur prior to 31 December 2019.



## Details of remuneration for years ended 30 June 2018 and 30 June 2017

The remuneration for each Director and other key management personnel of the consolidated entity during the year was as follows:

2018	Short-term Benefits	Post-Employment Benefits	Equity based payment	Total	Performance Related
	\$	\$	\$	\$	%
<b>Directors</b>					
Robert Barraket (Resigned 01/08/2017)	4,000	-	-	4,000	-
Richard Valenta (Appointed 26/07/16)*	42,000	-	58,588	100,588	58%
Ian King (Appointed 23/06/16)	42,000	-	58,588	100,588	58%
Matthew Gill (Appointed 22/08/16)	42,000	-	58,588	100,588	58%
	130,000	-	175,764	305,764	-
<b>Key Management Personnel</b>					
Tom deVries	239,754	-	-	239,754	-

Note: Equity based payments were made pursuant to options and performance rights approved at the Annual General Meeting on 28 November 2016 and issued on 9 September 2017.

\*Richard Valenta was an Executive Director from July 2016 to February 2017 and is currently a non-executive Director.

	Short-term Benefits	Post-Employment Benefits	Equity based payment	Total	Performance Related
	\$	\$	\$	\$	%
<b>2017</b>					
<b>Directors</b>					
Robert Barraket (Resigned 01/08/2017)	48,000	-	-	48,000	-
Richard Valenta (Appointed 26/07/16)*	123,500	-	34,350	157,850	22%
Ian King (Appointed 23/06/16)	42,000	-	34,350	76,350	45%
Matthew Gill (Appointed 22/08/16)	38,500	-	34,350	72,850	47%
Ian Kraemer (Resigned 22/08/2016)	105,344	4,579	-	109,923	-
Stephen de Belle (Resigned 22/07/2016)	3,500	-	-	3,500	-
	360,844	4,579	103,050	468,473	-
<b>Key Management Personnel</b>					
Tom deVries	57,500	-	-	57,500	-
Stuart Moore (Resigned 22/08/2016)	60,990	1,330	-	62,320	-
Mark Maxwell (Resigned 22/08/2016)	30,756	1,330	-	32,086	-
	149,246	2,660	-	151,906	-

Note: Equity based payments were made pursuant to options and performance rights approved at the Annual General Meeting on 28 November 2016 and issued on 9 September 2017.

\*Richard Valenta was an Executive Director from July 2016 to February 2017 and is currently a non-executive Director.

**Equity instrument disclosures relating to key management personnel**
**(i) Option holdings (includes Performance Rights)**

The number of options and performance rights over ordinary shares in the consolidated entity held during the financial year by each Director and other key management personnel of the consolidated entity, including their personally related parties, is set out below.

	Balance at start of year	Granted during year	Exercised during year	Other changes during year	Balance at end of year	Options vested and exercisable at end of year
<b>2018</b>						
<b>Directors/ Executive</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Frank Terranova	-	-	-	-	-	-
Richard Valenta	20,000,000	-	-	-	20,000,000	-
Ian King	20,000,000	-	-	-	20,000,000	-
Matthew Gill	20,000,000	-	-	-	20,000,000	-
Robert Barraket (i)	-	-	-	-	-	-
	60,000,000	-	-	-	60,000,000	-
Tom deVries	-	-	-	-	-	-
	-	-	-	-	-	-

**(i) Resigned 01 August 2017**

	Balance at start of year	Granted during year	Exercised during year	Other changes during year	Balance at end of year	Options vested and exercisable at end of year
<b>2017</b>						
<b>Directors/ Executive</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Robert Barraket (i)	-	-	-	-	-	-
Richard Valenta	-	20,000,000 *	-	-	20,000,000	-
Ian King	-	20,000,000 *	-	-	20,000,000	-
Matthew Gill	-	20,000,000 *	-	-	20,000,000	-
Ian Kraemer (ii)	161,577	-	-	-	161,577	161,577
Stephen de Belle (iii)	1,981,237	-	-	(1,981,237)	-	-
	2,142,814	60,000,000	-	(1,981,237)	60,161,577	161,577
Stuart Moore (ii)	-	-	-	-	-	-
Mark Maxwell (ii)	-	-	-	-	-	-
	-	-	-	-	-	-

(i) Resigned 01 August 2017

(ii) Resigned 22 August 2016

(iii) Resigned 22 July 2016

*Changes in number of options and performance rights*

**There are no changes in 2018.**

2017	Expiry	Exercise price	Grant date	Number acquired	Number exercised	Number lapsed
Richard Valenta	8 Sep 2021	\$0.018	28 Nov 2016	10,000,000	-	-
Ian King	8 Sep 2021	\$0.018	28 Nov 2016	10,000,000	-	-
Matthew Gill	8 Sep 2021	\$0.018	28 Nov 2016	10,000,000	-	-
Stephen de Belle	30 Jun 2016	\$0.018	Prior period	-	-	1,981,237
Richard Valenta	31 Dec 2018	Nil	28 Nov 2016	5,000,000	-	-
Ian King	31 Dec 2018	Nil	28 Nov 2016	5,000,000	-	-
Matthew Gill	31 Dec 2018	Nil	28 Nov 2016	5,000,000	-	-
Richard Valenta	31 Dec 2019	Nil	28 Nov 2016	5,000,000	-	-
Ian King	31 Dec 2019	Nil	28 Nov 2016	5,000,000	-	-
Matthew Gill	31 Dec 2019	Nil	28 Nov 2016	5,000,000	-	-

*(ii) Share holdings*

The number of shares in the consolidated entity beneficially held during the financial year by each Director and other key management personnel of the consolidated entity is set out below.

Name	Balance at start of year Number	Received during year on exercise Number	Other changes during year Number	Balance at end of year Number
<b>2018</b>				
<b>Directors/ Executive</b>				
Frank Terranova	-	-	-	-
Richard Valenta	-	-	-	-
Ian King	-	-	-	-
Matthew Gill	-	-	-	-
Robert Barraket (i)	2,500,000	-	2,500,000	-
	2,500,000	-	2,500,000	-
Tom deVries	-	-	-	-

*(i) Resigned 01 August 2017*

Name	Balance at start of year Number	Received during year on exercise Number	Other changes during year Number	Balance at end of year Number
<b>2017</b>				
<b>Directors/ Executive</b>				
Robert Barraket (i)	2,500,000	-	-	2,500,000
Richard Valenta	-	-	-	-
Ian King	-	-	-	-
Matthew Gill	-	-	-	-
Ian Kraemer (ii)	17,571,763	-	(5,790,803)	11,780,960
Stephen de Belle (iii)	19,214,269	-	(95,032)	19,119,237
	39,286,032	-	(5,885,835)	33,400,197
Tom deVries	-	-	-	-
Stuart Moore (ii)	1,150,574	-	-	1,150,574
Mark Maxwell (ii)	1,032,060	-	(870,992)	161,068
	2,182,634	-	(870,992)	1,311,642

*(i) Resigned 01 August 2017*

*(ii) Resigned 22 August 2016*

*(iii) Resigned 22 July 2016*

### Employment contracts of Directors and senior executives

The employment conditions of the Chief Executive Officer, Mr de Vries are formalised in a consultancy agreement. The agreement stipulates that in the event engagement is terminated without reason, the Company is required to make payment in lieu of three months of service based on the individual's remuneration.

The terms and conditions of the appointments of all non-executive Directors who held office during or subsequent to the 2018 financial year are set out in formal letters of appointment which do not include any entitlement to termination payments.

### ADDITIONAL INFORMATION

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue	481	105	5	8	18
EBITDA	(247)	(7,349)	(3,080)	(3,214)	(2,423)
EBIT	(330)	(7,437)	(3,131)	(3,270)	(2,482)
Loss after income tax	(706)	(7,637)	(3,157)	(3,273)	(2,482)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Share price at financial year end (\$)	0.007	0.007	0.013	0.013	0.017
Total dividends declared (cents per share)	-	-	-	-	-
Basic & diluted loss per share (cents per share)	(0.04)	(0.65)	(0.52)	(0.79)	(0.76)

**\*\* END OF REMUNERATION REPORT \*\***

## MEETINGS OF DIRECTORS

During the financial year, 8 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number eligible to attend	Number attended
Robert Barraket	1	1
Richard Valenta	8	6
Matthew Gill	8	7
Ian King	8	8

The full Board fulfils the roles of remuneration, nomination and audit committees.

## OPTIONS

### *Unissued shares*

At the date of this report, the unissued ordinary shares of AuStar Gold Limited under option are as follows:

<i>Grant date</i>	<i>Date of expiry</i>	<i>Exercise price</i>	<i>Number under options</i>
Various dates	8 September 2021	\$0.018	30,000,000
Various dates	30 November 2021	\$0.02	30,000,000
Various dates	30 November 2019	\$0.015	30,000,000
Various dates	30 November 2018	\$0.015	25,000,000
Various dates	30 November 2018	\$0.030	197,678,572

### *Shares issued as a result of the exercise of options*

During the financial year, nil (2017: 22,215) options were exercised.

No person entitled to exercise options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

## INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the period the Company paid or agreed to pay premiums for Directors' and officers' insurance.

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.



**NON-AUDIT SERVICES**

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence as the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or are payable to the external auditors in respect of non-audit services provided during the year:

	2018	2017
	\$	\$
R&D Tax	29,615	21,371
Tax compliance services	7,937	15,762
Total	37,552	37,133

**OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF HALL CHADWICK**

There are no officers of the Company who are former partners of Hall Chadwick.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration as required by section 307C of the Corporations Act 2001, for the year ended 30 June 2018 has been received and can be found within this annual report.

Signed in accordance with a resolution of the Board of Directors, pursuant to sections 290(2) (a) of the Corporations Act 2001.



**Frank Terranova**  
**Chairman**

Dated at Brisbane this 28<sup>th</sup> day of September 2018

	Note	2018 \$	2017 \$
<b>Revenue</b>			
Interest income	7	4,101	3,521
Other Income		477,463	101,221
<b>Expenses</b>			
Administrative expenses		(213,504)	(232,146)
Consultancy and legal expenses		(647,314)	(589,115)
Compliance and regulatory expenses		(125,834)	(73,114)
Depreciation expense		(83,060)	(87,956)
Director and employee related expenses	8	(153,219)	(713,602)
Promotion and communication costs		(7,880)	(59,855)
Other expenses		(207,571)	(27,195)
Interest expense		(375,843)	(199,679)
Impairment of exploration expenditure	13	-	(5,759,066)
Reversal of impairment	13	802,255	-
Share Based Payments		(175,764)	-
<b>Loss before income tax expense</b>		(706,170)	(7,636,986)
Income tax expense	5	-	-
<b>Loss after income tax expense</b>		(706,170)	(7,636,986)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the period</b>		(706,170)	(7,636,986)
<b>Total comprehensive loss for the period attributable to:</b>			
Non-controlling interest		(10,917)	734
Owners of AuStar Gold Limited		(695,253)	(7,637,720)
		<u>(706,170)</u>	<u>(7,636,986)</u>
<b>Basic and diluted loss per share (cents)</b>	6	(0.04)	(0.65)

The accompanying notes form part of these financial statements.

	Note	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	3	636,762	374,035
Trade and other receivables	9	590,816	522,408
Other current assets	10	30,581	50,018
<b>Total current assets</b>		1,258,159	946,461
<b>Non-current assets</b>			
Receivables	11	15,000	17,914
Property, Plant and equipment	12	563,507	643,873
Exploration expenditure	13	8,312,323	4,748,394
<b>Total non-current assets</b>		8,890,830	5,410,181
<b>Total assets</b>		10,148,989	6,356,642
<b>Current liabilities</b>			
Trade and other payables	14	1,330,124	1,546,754
Provisions	15	-	18,537
Borrowings	16	229,820	90,153
<b>Total current liabilities</b>		1,559,944	1,655,444
<b>Non-current liabilities</b>			
Provisions	15	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total liabilities</b>		1,559,944	1,655,444
<b>Net assets</b>		8,589,045	4,701,198
<b>Equity</b>			
Contributed equity	17(a)	35,705,052	31,402,555
Reserves	18	2,003,551	1,712,031
Accumulated losses	19	(29,306,608)	(28,611,355)
<b>Equity attributable to the members of the consolidated entity</b>		8,401,995	4,503,231
Non-controlling interest		187,050	197,967
<b>Total equity</b>		8,589,045	4,701,198

The accompanying notes form part of these financial statements.

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Cash payments in the course of operations		(333,522)	(635,037)
Interest received		4,101	3,521
Interest paid		(24,311)	(199,679)
Research and development tax refund		-	458,879
<b>Net cash used in operating activities</b>	20(b)	(353,732)	(372,316)
<b>Cash flows from investing activities</b>			
Payment for Investment		(1,000,000)	(2,100,000)
Payments for plant and equipment		(2,694)	(32,571)
Payments for exploration assets		(3,432,570)	(1,450,203)
Receipt from sale of tenements		925,000	-
Proceeds from disposal of plant and equipment		-	10,363
<b>Net cash used in investing activities</b>		(3,510,264)	(3,572,411)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of share issue costs		3,987,056	3,019,470
Proceeds from Borrowings		139,667	6,878
<b>Net cash provided by financing activities</b>		4,126,723	3,026,348
<b>Net increase/ (decrease) in cash and cash equivalents held</b>		262,727	(918,379)
Cash and cash equivalents at the beginning of the financial year		374,035	1,292,414
<b>Cash and cash equivalents at the end of the financial year</b>	20(a)	636,762	374,035

The accompanying notes form part of these financial statements.

	Contributed equity	Reserves	Accumulated losses	Non- Controlling interest	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	31,402,555	1,712,031	(28,611,355)	197,967	4,701,198
Loss for the year			(695,253)	(10,917)	(706,170)
Total comprehensive loss for the year	-	-	(695,253)	(10,917)	(706,170)
Shares issued	3,939,048	-	-	-	3,939,048
Share issue costs	(136,551)	-	-	-	(136,551)
Equity Loan	500,000	-	-	-	500,000
Share based payments	-	291,520	-	-	291,520
<b>Balance at 30 June 2018</b>	<b>35,705,052</b>	<b>2,003,551</b>	<b>(29,306,608)</b>	<b>187,050</b>	<b>8,589,045</b>
<b>Balance at 1 July 2016</b>	27,801,935	1,608,980	(20,973,635)	197,233	8,634,513
Loss for the year	-	-	(7,637,720)	734	(7,636,986)
Total comprehensive loss for the year	-	-	(7,637,720)	734	(7,636,986)
Shares issued	3,666,150	-	-	-	3,666,150
Share issue costs	(65,530)	-	-	-	(65,530)
Share options issued	-	103,051	-	-	103,051
<b>Balance at 30 June 2017</b>	<b>31,402,555</b>	<b>1,712,031</b>	<b>(28,611,355)</b>	<b>197,967</b>	<b>4,701,198</b>

The accompanying notes form part of these financial statements.



## 1. Statement of significant accounting policies

These consolidated financial statements and notes represent those of AuStar Gold Limited and its controlled entities ("the consolidated entity"). The separate financial statements of the parent entity, AuStar Gold Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 28 September 2018 by the Board of Directors.

### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

### (b) Going concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss of \$706,170 and had a net current liabilities of \$301,785.

Nonetheless the Directors are of the view that there are reasonable grounds to believe that the consolidated entity will continue as a going concern, after consideration of the following factors:

- On 13 August 2018, the Company announced the terms of a \$5.5 million placement.
- In conjunction with a share purchase plan to raise a further \$1 million (with the ability to accept oversubscriptions for a further \$1 million).
- The Company's cash flow projection for the next 12 months indicate that the group can pay its debts as and when they fall due;
- The Company may reasonably expect to maintain continued support from shareholders and other financiers that have supported the Company's previous capital raising to assist with meeting future funding needs;

**1. Statement of significant accounting policies (cont.)****(b) Going concern (cont.)**

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

However, the Directors recognise that if further funding is required and is not subsequently secured, the outcome of which is uncertain until such funding is secured, there is a material uncertainty as to whether the going concern basis of accounting is appropriate. As a result, the Company may be required to consider curtailing further expenditure, and may have to consider the sale or joint venture of its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**(c) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AuStar Gold Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended. AuStar Gold Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**1. Statement of significant accounting policies (cont.)****(d) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- (i) it is expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is expected to be realised within twelve months after the reporting period; or
- (iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are always classified as non-current.

**(e) Income tax**

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax related to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a largely enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset

**1. Statement of significant accounting policies (cont.)**

**(e) Income tax (cont.)**

and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(f) Plant and equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**(g) Depreciation**

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	12.5 - 40.0%
Motor vehicles	25.0%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

**1. Statement of significant accounting policies (cont.)****(h) Exploration and development expenditure**

Exploration and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**(i) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, is transferred to entities in the consolidated entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(j) Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**1. Statement of significant accounting policies (cont.)****(l) Provisions**

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(m) Employee benefits***Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**(n) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts.

**(o) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**(p) Borrowing costs**

All borrowing costs to date are recognised in expenses in the period in which they are incurred.

**(q) Goods and services tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.



**1. Statement of significant accounting policies (cont.)****(q) Goods and services tax ("GST") (cont.)**

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the ATO.

**(r) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(s) Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

**(t) Earnings per share***Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(u) Share-based payment transactions**

The consolidated entity provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). The consolidated entity does not provide cash settled share-based payments.

The cost of equity settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price of the consolidated entity's shares on the Australian Securities Exchange.

The cost of equity settled transactions are recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the consolidated entity's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized for the period. No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).



**1. Statement of significant accounting policies (cont.)**

**(v) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The consolidated entity has elected not to early adopt any of the new and amended pronouncements. These are not expected to have significant impact on the financial performance or position of the consolidated entity upon adoption.

**(w) Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**(x) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- **AASB 9 Financial Instruments**

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity has made an assessment and determined that this standard will have little to no impact on the entity as it does not have any financial instruments.

- **AASB 15 Revenue from Contracts with Customers**

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or

**(x) New Accounting Standards and Interpretations not yet mandatory or early adopted (cont.)**

Estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity has made an assessment and determined that this standard will have little to no impact on the entity as it currently does not earn revenue (with the exception of interest).

- **AASB 16 Leases**

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity has made an assessment and determined that this standard will have little to no impact on the entity as it does not have any material leases.

**2. Critical accounting estimates and judgments**

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements *Deferred exploration and evaluation expenditure*

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

*Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

### 3. Financial risk management objectives and policies

The consolidated entity's principal financial instruments comprise cash and short-term deposits.

The consolidated entity manages its exposure to key financial risks, including interest rate and liquidity risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of its financial targets whilst protecting future financial security.

The main risks arising from the financial instruments are interest rate risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

#### Risk exposures and responses

##### *Interest rate risk*

The consolidated entity's exposure to market interest rates relates primarily to cash and short-term deposits.

At reporting date, the consolidated entity had the following financial assets exposed to interest rate risk:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	521,462	258,735
Short term deposits	115,300	115,300
Net exposure	636,762	374,035

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and equity would have been affected as follows:

	<b>Consolidated</b>			
	<b>Net loss</b>		<b>Equity</b>	
	<b>Higher / (lower)</b>		<b>Higher / (lower)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
+1% (100 basis points)	(6,368)	(3,740)	6,368	3,740
-1% (100 basis points)	6,368	3,740	(6,368)	(3,740)

The movements are due to higher / lower interest revenue from cash balances.

### 3. Financial risk management objectives and policies (cont.)

#### *Credit risk*

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

#### *Liquidity risk*

The consolidated entity's objective is to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the consolidated entity's current cash requirements.

The remaining contractual maturities of the consolidated entity's financial liabilities are:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
6 months or less (trade creditors)	832,389	1,546,754
More than 6 months and less than 12 months	-	-
	<b>832,389</b>	<b>1,546,754</b>

#### *Capital management*

The primary objective of the consolidated entity's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The consolidated entity manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the consolidated entity may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2018 and 30 June 2017.

The consolidated entity monitors capital with reference to the net debt position.

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade and other payables	(1,330,124)	(1,546,754)
Borrowings	(229,820)	(90,153)
Less cash and short term deposits	636,762	374,035
Net (debt) / surplus	<b>(923,182)</b>	<b>(1,262,872)</b>

Refer to Note 1(b) for details of the Consolidated Entity's future plans in order to manage the net debt position as at 30 June 2018.

### 4. Auditor's remuneration

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Remuneration of previous auditor of the Company		
RSM Australia Partners/ Current auditor Hall Chadwick		
- Auditing or reviewing the financial report	42,925	37,250
- R&D Tax	29,615	21,371
- Taxation compliance services	7,937	15,762
	<b>80,477</b>	<b>74,383</b>

## 5. Income tax

The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prima facie tax (benefit) on operating loss at 27.5% (2017: 27.5%)	(194,197)	(2,100,171)
Tax effect of:		
- Non-deductible amount	(118,037)	1,261,330
- Deductible Amount	(11,376)	-
Deferred tax asset not brought to account	323,610	838,841
Income tax benefit attributable to operating loss	-	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately \$7,507,515 (2017: \$7,183,905) and has not been brought to account at 30 June 2018 because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the loss and exploration expenditure.

## 6. Loss per share

### Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic loss per share.

### Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue.

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic loss per share	1,615,076,651	1,170,210,698
	<b>\$</b>	<b>\$</b>
Net loss	(706,170)	(7,636,986)

The loss per share calculation as disclosed on the statement of comprehensive income does not include instruments that could potentially dilute basic earnings per share in the future as these instruments were anti-dilutive in the periods presented. A summary of such instruments at 30 June 2018 is as follows:

<b>Equity securities</b>	<b>2018</b>	<b>2017</b>
	<b>Number of securities</b>	<b>Number of securities</b>
Options over ordinary shares	297,678,572	326,398,425
Options granted not issued at reporting date	-	30,000,000

**7. Revenue**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Interest revenue	4,101	3,521
Other Income	477,463	101,221
	<u>481,564</u>	<u>104,742</u>

**8. Expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Director and employee related expenses</i>		
Wages and salaries	150,063	596,021
Defined contribution superannuation expense	3,156	19,466
Share-based payments expense	-	103,050
Other employee expense	-	(4,935)
	<u>153,219</u>	<u>713,602</u>

The above amounts represent remuneration paid directly to Directors and employees. Key management personnel remuneration inclusive of amounts paid to related parties is presented in Note 23(b) with further detail in the remuneration report contained within the Directors' report.

**9. Trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Other debtors	466,454	464,723
GST receivables	124,362	57,685
	<u>590,816</u>	<u>522,408</u>

Other debtors include outstanding subscription monies owing from investors who participated in the placements announced to the market and refund receivable for R&D claim.

**10. Other assets**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Prepayments	<u>30,581</u>	<u>50,018</u>

**11. Non-Current Receivables**

Advances and deposits	<u>15,000</u>	<u>17,914</u>
-----------------------	---------------	---------------

**12. Property, plant and equipment**

**(a) Carrying amounts**

Freehold land and buildings	240,000	240,000
Accumulated depreciation	-	-
	<u>240,000</u>	<u>240,000</u>
Plant and equipment – at cost	827,823	825,129
Accumulated depreciation	(524,003)	(447,505)
	<u>303,820</u>	<u>377,624</u>
Motor vehicles – at cost	137,850	137,850
Accumulated depreciation	(118,163)	(111,601)
	<u>19,687</u>	<u>26,249</u>
<b>Total property, plant and equipment</b>	<u>563,507</u>	<u>643,873</u>



## 12. Property, plant and equipment (cont.)

### (b) Movements in carrying amounts

Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the year:

	Plant and equipment	Land and buildings	Motor vehicles	Total
	\$	\$	\$	\$
<b>2018</b>				
<b>Balance at 1 July 2017</b>	377,624	240,000	26,249	643,873
Additions	2,694	-	-	2,694
Disposal	-	-	-	-
Depreciation charge for the year	(76,498)	-	(6,562)	(83,060)
<b>Balance at 30 June 2018</b>	<u>303,820</u>	<u>240,000</u>	<u>19,687</u>	<u>563,507</u>
<b>2017</b>				
<b>Balance at 1 July 2016</b>	423,628	240,000	37,522	701,150
Additions	32,571	-	-	32,571
Disposal	-	-	(1,892)	(1,892)
Depreciation charge for the year	(78,575)	-	(9,381)	(87,956)
<b>Balance at 30 June 2017</b>	<u>377,624</u>	<u>240,000</u>	<u>26,249</u>	<u>643,873</u>

## 13. Exploration expenditure

	2018 \$	2017 \$
Exploration expenditure	<u>8,312,323</u>	<u>4,748,394</u>
Opening balance	4,748,394	9,516,136
Sale of Tenements	(925,000)	-
Exploration incurred during the year	3,432,570	1,450,203
Tenement interest acquired	301,197	-
Impairment of exploration expenditure	-	(5,759,066)
Reversal of impairment	802,255	-
Research and development tax offset	(47,093)	(458,879)
Exploration expenditure	<u>8,312,323</u>	<u>4,748,394</u>

The value of the consolidated entity's interest in exploration expenditure is dependent upon:

- the continuance of the consolidated entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

#### 14. Trade and other payables

	2018 \$	2017 \$
<b>Current</b>		
Trade payables	1,133,252	546,754
Other payables	196,872	1,000,000
	<u>1,330,124</u>	<u>1,546,754</u>

Trade and other creditor amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

#### 15. Provisions

	2018 \$	2017 \$
<b>Current</b>		
Annual leave	-	18,537
<b>Non-Current</b>		
Long service leave	-	-

#### 16. Borrowings

	2018 \$	2017 \$
<b>Current</b>		
Borrowings	229,820	90,153

Borrowings of \$202,520 relates to convertible notes issued with 136,075 notes remaining at end of the year.

#### 17. Contributed equity

##### (a) Issued capital

	2018 \$	2017 \$
Ordinary shares, fully paid	35,205,052	31,402,555
Equity Loan	500,000	-
	<u>35,705,052</u>	<u>31,402,555</u>

##### (b) Movements in share capital

	2018 Number	2017 Number	2018 \$	2017 \$
Balance at beginning of year	1,324,974,610	1,008,305,022	31,402,555	27,801,935
Issued during the year:				
Share placements	50,000,000	285,000,000	400,000	3,350,000
Conversion of Notes	241,688,298	-	1,471,048	-
Purchase of Tenement	28,517,110	-	225,000	-
Share-based payments	24,000,000	13,147,373	193,000	130,750
Satisfaction of loans	235,714,286	18,500,000	1,650,000	185,000
Exercise of options	-	22,215	-	400
Share issue costs	-	-	(136,551)	(65,530)
Balance at end of year	<u>1,904,894,304</u>	<u>1,324,974,610</u>	<u>35,205,052</u>	<u>31,402,555</u>

## 17. Contributed equity (cont.)

### (c) Equity Loan

A \$500,000 unsecured equity loan was provided to the AuStar at an interest rate of 10% per annum repayable quarterly. The loan will be payable in shares within 12 months on the same terms of as a placement/capital raising or it will automatically convert at 5 day VWAP immediately prior to conversion.

### (d) Share options

	Exercise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
<b>2018 year</b>								
Unlisted options	0.030	30/11/18	166,250,000	31,428,572	-	-	197,678,572	197,678,572
Unlisted options	0.018	08/09/21	30,000,000	-	-	-	30,000,000	30,000,000
Unlisted options	0.015	30/11/18	-	25,000,000	-	-	25,000,000	25,000,000
Unlisted options	0.015	30/11/19	-	30,000,000	-	-	30,000,000	30,000,000
Unlisted options	0.02	30/11/21	-	15,000,000	-	-	15,000,000	15,000,000
Listed options	0.015	30/11/17	160,148,425	-	-	160,148,425	-	-
			356,398,425	101,428,572	-	160,148,425	297,678,572	297,678,572

\* Options granted on 28 November 2016 but not issued at reporting date.

\*\*The unlisted options were free and attaching and linked to share placements of 285,000,000 shares.

	Exercise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
<b>2017 year</b>								
Unlisted options	0.018	08/09/21	-	30,000,000 *	-	-	30,000,000	30,000,000
Listed options	0.015	30/11/17	100,398,425	59,750,000	-	-	160,148,425	160,148,425
Unlisted options	0.030	30/11/18	125,000,000	41,250,000 **	-	-	166,250,000	166,250,000
			225,398,425	131,000,000	-	-	356,398,425	356,398,425

The fair value of listed options is valued with reference to the closing price of shares traded on the ASX grant date. Where no options in a class are traded the fair value is determined using the Black-Scholes option pricing model.

### (e) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the consolidated entity, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation

**18. Reserve**

**Equity reserve**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	1,712,031	1,608,980
Issue of options	291,520	103,051
Balance at end of year	<u>2,003,551</u>	<u>1,712,031</u>

Issue of options relates to issue of Director options and performance rights and acquiring the full control of Rose of Denmark.

**19. Accumulated losses**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	(28,611,355)	(20,973,635)
Net loss for the year	(695,253)	(7,637,720)
Balance at end of year	<u>(29,306,608)</u>	<u>(28,611,355)</u>

**20. Notes to the statement of cash flows**

**a) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the year as shown in the statement of cash flows are reconciled to the related item in the statement of financial position as follows:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	521,462	258,735
Cash on deposit	115,300	115,300
	<u>636,762</u>	<u>374,035</u>

Cash at bank attracts floating interest at current market rates. Short term deposits are made for periods of up to 12 months and earn interest at the respective short term deposit rates.

**b) Reconciliation of operating loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Operating loss after income tax	(706,170)	(7,636,986)
<u>Adjustments for:</u>		
Depreciation	83,060	87,956
Exploration asset written off/ (reversal)	(802,255)	5,759,066
Gain on disposal of plant and equipment	-	(8,471)
Research and development tax refundable	-	458,879
Share-based payments expense	175,764	233,800
<u>Changes in assets and liabilities:</u>		
Trade and other receivables	(18,401)	906,180
Other current assets	19,437	73,581
Trade and other payables	913,370	(178,198)
Provisions	(18,537)	(68,123)
Net cash used in operating activities	<u>(353,732)</u>	<u>(372,316)</u>

## 21. Parent entity disclosures

	2018	2017
	\$	\$
<b>Financial position</b>		
<b>Assets</b>		
Current assets	1,152,758	936,384
Non-current assets	10,018,308	5,414,547
<b>Total assets</b>	<b>11,171,066</b>	<b>6,350,931</b>
<b>Liabilities</b>		
Current liabilities	694,012	1,649,733
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>694,012</b>	<b>1,649,733</b>
<b>Equity</b>		
Issued capital	35,705,052	31,402,555
Reserves	2,003,551	1,712,031
Accumulated losses	(27,231,549)	(28,413,388)
<b>Total equity</b>	<b>10,477,054</b>	<b>4,701,198</b>
<b>Financial performance</b>		
Loss for the year	(486,586)	(7,627,118)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(486,586)</b>	<b>(7,627,118)</b>

### (a) Contingent liabilities

As at 30 June 2018 and 2017, the Company had no contingent liabilities.

### (b) Commitments

As at 30 June 2018 and 2017, the Company had no contractual commitments.

### (c) Guarantees entered into by parent entity in relation to the debts of its subsidiaries

As at 30 June 2018 and 2017, the Company had not entered into any guarantees.

### (d) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity;
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity; and
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## 22. Related party disclosures

### (a) Subsidiaries

The consolidated financial statements include the financial statements of AuStar Gold Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Equity interest	
		2018	2017
		%	%
Trafford Coal Pty Ltd	Australia	100	100
Mt Mulligan Coal Pty Ltd	Australia	100	100
Zulu Gold Pty Ltd	Australia	100	100
Morning Star Gold NL	Australia	95	95
Lionsville Gold Pty Ltd	Australia	100	100

### (b) Key management personnel

Disclosures relating to key management personnel are set out in Note 23 and the remuneration report in the Directors' report.

## 23. Key management personnel

### (a) Directors and other key management personnel

The Directors of AuStar Gold Limited during the financial year were:

Mr Ian King – Non-Executive Director (*Appointed 23 June 2016*)

Mr Richard Valenta- Non-Executive Director (*Appointed 26 July 2016*)

Mr Matthew Gill – Non-Executive Director (*Appointed 22 August 2016*)

Mr Robert Barraket – Non-Executive Chairman (*Resigned 1 August 2017*)

Other key management personnel consisted of:

- Mr Tom DeVries – Chief Executive Officer

### (b) Compensation of key management personnel

	2018	2017
	\$	\$
Short-term employment benefit	369,754	510,090
Post-employment benefits	-	7,239
Equity-based payments	175,764	103,050
	<u>545,518</u>	<u>620,379</u>

Amounts are included in the remuneration report.

### (c) Other transactions with key management personnel

Transactions are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:

	2018	2017
	\$	\$
(i) Consultant fees paid to BBB Capital – an entity associated with Mr Ian King	232,500	67,500



**23. Key management personnel (cont.)**

**(d) Key management personnel balances**

Amount owing to Rob Barraket	52,000	48,921
Amount owing to Ian King	21,000	42,805
Amount owing to Richard Valenta	42,000	17,500
Amount owing to Matthew Gill	21,000	38,500
Amount owing to BBB Capital	95,727	17,045

**24. Commitments**

**Exploration expenditure commitments**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Within one year	892,550	824,000
After one year but not more than five years	925,900	1,278,000
	<u>1,818,450</u>	<u>2,102,000</u>

The above exploration expenditure commitments assume no relinquishments or reductions during the period.

**Leasing commitments**

The Company's office space lease can be terminated requiring 3 months' notice for termination. Future minimum rentals payable under this operating lease are as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Within one year	4,500	10,861
After one year but not more than five years	-	-
	<u>4,500</u>	<u>10,861</u>

**25. Share-based payments**

In 2017, the Board and its executives were granted 30 million options and 30 million performance rights.

The performance rights were granted at no consideration, do not have an exercise price and will lapse if the vesting conditions are not met. The 2 vesting conditions are:

- i) 15 million rights will vest when the sale of the first 1,000 ounces of Gold production occur prior to 31 December 2018 (Class A) (Probability-100%)
- ii) 15 million rights will vest when the sale of the 10,000 ounces of Gold production occur prior to 31 December 2019 (Class B) (Probability-100%)

The options with the expiry date on or before the fourth anniversary of the date of issue were granted at no consideration. They have an exercise price of 1.8 cents and will lapse if the vesting conditions are not met. The 2 vesting conditions are:

- i) 15 million options will vest when the sale of the first 1,000 ounces of Gold production occur prior to 31 December 2018) (Probability-100%)
- ii) 15 million options will vest when the sale of 10,000 ounces of Gold production occur prior to 31 December 2019) (Probability-100%)

The performance rights and options are valued at their fair value.

The consolidated entity used judgement in estimating the probability of the performance criteria being met at grant date.

## 25. Share-based payments (cont.)

### Share-based payments expense

	2018	2017
	\$	\$
Options (i)	67,500	39,575
Performance rights (ii)	108,264	63,475
Payment to key management personnel	175,764	103,050
Shares issued in-lieu of services	-	130,750
	<u>175,764</u>	<u>233,800</u>

### (i) Set out below are summaries of options granted

Options	Grant Date	Expiry Date	Balance at the start of the period	Granted	Exercised	Expired	Balance at the end of the period
Director	28/11/2016	08/09/2021	30,000,000	-	-	-	30,000,000
			<u>30,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000,000</u>

#### Assumptions:

Stock Price	\$0.009
Exercise Price	\$0.018
Expiry Period	4 Years
Expected future volatility	109%
Risk free rate	2.1%
Dividend yield	0%
Amount of Options	30,000,000
Total fair value of Options	\$167,204
Expensed at the reporting date, proportionately in accordance with the vesting period	\$67,500

### (ii) Set out below are performance rights granted

	Performance rights Class A	Performance rights Class B
Number	15,000,000	15,000,000
Grant Date	28/11/2016	28/11/2016
Expiry Date	31/12/2018	31/12/2019
Share price at grant date	\$0.009	\$0.009
Share based payment expense for the period	\$64,580	\$43,684

If the Class A and Class B performance rights ultimately vest upon the satisfaction of both of both performance conditions, the consolidated entity will recognise a total expense of \$270,000 (expensed proportionately over the vesting period).

## 26. Operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity operates as a single segment which is mineral exploration within Australia. The consolidated entity is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located.

Operating revenues of approximately Nil (2017: Nil) are derived from a single external party.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

## 27. Contingent assets and liabilities

The Company did not have any material contingent assets or liabilities as at 30 June 2018.

## 28. Events subsequent to balance date

Subsequent to the period, the consolidated entity announced the following to the ASX:

- On 3 August 2018, Mr Frank Terranova was appointed as Non-Executive Chairman;
- On 13 August 2018, the Company announced that it had secured binding commitments from professional and sophisticated investors to a placement to raise \$5.5 million in two tranches. The first tranche (\$0.78m) was unconditional with the second tranche (\$4.72m) conditional on shareholder approval at a general meeting of shareholders.
- On 13 August 2018, the Company also announced a share purchase plan to allow current shareholders to participate in the capital raising at the same price as the placement. The share purchase plan offer sought to raise \$1 million (with the ability to accept oversubscriptions for a further \$1 million);
- The Company has provided regular updates on the progress of its drilling and operational programs at the Morning Star Gold Mine.

The Directors of the Company declare that:

- (a) the financial statements and notes thereto are in accordance with the Corporations Act 2001 and associated regulations and;
  - (i) comply with Accounting Standards, which, as stated in accounting policy note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and
  - (ii) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated entity;
- (b) In the Directors opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;
- (c) The Directors have been given the declarations required by s 295A of the *Corporations Act 2001*; and
- (d) As at the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(5) (a) of the Corporations Act 2001.

On behalf of the Directors:



**Frank Terranova**  
**Chairman**

Dated at Brisbane this 28<sup>th</sup> day of September 2018

## HALL CHADWICK (NSW)

**AUSTAR GOLD LIMITED  
ABN 70 107 180 441  
AND CONTROLLED ENTITIES**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTAR GOLD LIMITED**

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia  
Ph: (612) 9263 2600  
Fx: (612) 9263 2800

#### **Report on the Audit of the Financial Report**

##### **Opinion**

We have audited the financial report of AuStar Gold Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of AuStar Gold Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

##### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after tax of \$706,170 during the year ended 30 June 2018 and had net operating cash outflows of \$353,732 for the year then ended. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

A Member of PrimeGlobal  
An Association of Independent  
Accounting Firms

 **PrimeGlobal**



HALL CHADWICK  (NSW)

**AUSTAR GOLD LIMITED  
ABN 70 107 180 441  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AUSTAR GOLD LIMITED**

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2018. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Capitalised Exploration Expenditure</b></p> <p>Refer to Note 21 "Capitalised Exploration Expenditure"</p> <p>At 30 June 2018, the Group had capitalised exploration assets of \$8,312,323. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 1(h).</p> <p>This is a key audit matter because the carrying value of the assets are material to the financial statements and significant judgement is applied in determining whether an indicator of impairment exists in relation to capitalised exploration and expenditure assets in accordance with Australian Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources".</p>	<p>Our Procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We confirmed the existence and tenure of the exploration assets in which the Group has a contracted interest by obtaining confirmation of title from the relevant government agency.</li> <li>• We obtained executed agreements evidencing the Group's interest in those exploration assets and confirmed the currency and good standing of those agreements.</li> <li>• In assessing whether an indicator of impairment exists in relation to the Group's exploration assets in accordance with AASB 6 – Exploration for and Evaluation of Mineral Resources, we: <ul style="list-style-type: none"> <li>• examined the minutes of the Group's board meetings and updates from the Group's exploration partners;</li> <li>• tested the significant inputs in the Group's cash flow forecasts for consistency with their future activity regarding the exploration assets.</li> <li>• discussed with management the Group's ability and intention to undertake further exploration activities.</li> </ul> </li> <li>• We tested a sample of additions of capitalised exploration expenditure to supporting documentation.</li> </ul>



## HALL CHADWICK (NSW)

**AUSTAR GOLD LIMITED  
ABN 70 107 180 441  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AUSTAR GOLD LIMITED**

### Share-based Payments Transactions

Refer to Note 25 "Share-based payments"

The group provides benefits to the Board and its executive in the form of share-based payment transactions, whereby officers render services and receive rights over shares. These share-based payment transactions are classified by the Group as an equity settled share base payment transaction.

The accounting for share-based payments was a key audit matter because the expense recognised incorporates a judgmental option value. The group valued the options, using the Black Scholes model, where inputs such as volatility, dividend yield and risk-free rate require judgment. The impact on the financial report for the year ended 30 June 2018 reflected a profit and loss charge of \$175,764.

Our Procedures included, amongst others:

- Compared the terms and conditions for a sample of the options issued during the financial year included in the expense calculations with appropriate Board minutes.
- Compared the option grant date used in the expense calculations to publicly available supporting data.
- Corporate finance team has reviewed the accuracy of the options and performance rights valuation by checking the reasonableness of the rates used in Black Scholes model.
- Reconciled the movement in reserves and consolidated statement of comprehensive income as at year end by confirming the opening balances and current issues during the year.

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## HALL CHADWICK (NSW)

**AUSTAR GOLD LIMITED  
ABN 70 107 180 441  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AUSTAR GOLD LIMITED**

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HALL CHADWICK  (NSW)

AUSTAR GOLD LIMITED  
ABN 70 107 180 441  
AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AUSTAR GOLD LIMITED**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 18 to 22 of the directors' report for the year ended 30 June 2018. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

**Auditor's Opinion**

In our opinion, the remuneration report of AuStar Gold Limited, for the year ended 30 June 2018, complies with s300A of the *Corporations Act 2001*.



Hall Chadwick  
Level 40, 2 Park Street  
Sydney, NSW 2000



**DREW TOWNSEND**  
Partner  
Dated: 28 September 2018

## HALL CHADWICK (NSW)

**AUSTAR GOLD LIMITED  
ABN 70 107 180 441  
AND ITS CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF AUSTAR GOLD LIMITED**

**SYDNEY**  
Level 40  
2 Park Street  
Sydney NSW 2000  
Australia  
Ph: (612) 9263 2600  
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the review.



Hall Chadwick  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner

Date: 28 September 2018

A Member of PrimeGlobal  
An Association of Independent  
Accounting Firms



---

SYDNEY • PENRITH • MELBOURNE • BRISBANE • PERTH • DARWIN  
Liability limited by a scheme approved under Professional Standards Legislation  
[www.hallchadwick.com.au](http://www.hallchadwick.com.au)



Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 19 September 2018.

### 1. Quotation

Listed securities in AuStar Gold Limited are quoted on the Australian Securities Exchange under ASX codes AUL (Fully Paid Ordinary Shares).

### 2. Voting rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Listed Options on issue.

### 3. Distribution of Share holders

The voting rights attached to the Fully Paid Ordinary Shares of the Company are:

#### i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	131	17,187	0.00%
1,001 – 5,000	116	385,741	0.02%
5,001 – 10,000	172	1,470,216	0.07%
10,001 – 100,000	919	49,128,923	2.31%
100,001 and above	1284	2,074,134,513	97.60%
<b>Total</b>	<b>2,622</b>	<b>2,125,136,580</b>	<b>100.00%</b>

On 20 September 2018, there were 2,622 holders of unmarketable parcels comprising a total of 2,125,136,580 ordinary shares (based on the closing share price of \$0.004). There is no on-market buy back currently in place and there are currently no restricted securities.

#### ii) Unlisted Options

Option Range	Holders	Units	%
1 – 1,000	0	0	0.00%
1,001 – 5,000	0	0	0.00%
5,001 – 10,000	0	0	0.00%
10,001 – 100,000	3	875,000	0.29%
100,001 and above	29	296,803,572	99.71%
<b>Total</b>	<b>32</b>	<b>297,678,572</b>	<b>100.00%</b>

#### 4. Substantial shareholders

The names of the substantial shareholders listed on the Company's register as at 19 September 2018.

	Name	Number of Shares	%
1	MCNALLY CLAN INVESTMENTS PTY LTD	236,521,345	11.13%
2	CHESBREEZE PL	71,842,490	3.38%

#### 5. Twenty largest shareholders

The twenty largest shareholders at 19 September 2018.

	Name	Number of Shares	%
1	MCNALLY CLAN INVESTMENTS PTY LTD	236,521,345	11.13%
2	CHESBREEZE PL	71,842,490	3.38%
3	YATES ROGAN RICHARD	50,145,674	2.36%
4	HSBC CUSTODY NOM AUST LTD	43,539,918	2.05%
5	JHS & D PL	37,703,277	1.77%
6	FROST ALAN MAXWELL	29,583,333	1.39%
7	CITICORP NOM PL	28,759,773	1.35%
8	SHANDONG TIANYE REAL ESTATE DEVELOPMENT GROUP CO LTD	28,517,110	1.34%
9	BANKS-SMITH KEVIN	23,305,996	1.10%
10	TONKA TRADING PL	21,684,449	1.02%
11	G LEWIS SMSF PL	20,000,000	0.94%
12	SAXON ACQUISITIONS PL	19,965,576	0.94%
13	HALL ISRAEL J & MJ	19,250,000	0.91%
14	MOUNT NEIL NORMAN	19,166,667	0.90%
15	J P MORGAN NOM AUST LTD	17,016,812	0.80%
16	YU XIAO FEI	15,000,000	0.71%
17	WRIGHT INV GRP PL	15,000,000	0.71%
18	KASSA CORP PL	14,512,416	0.68%
19	P KAMPFNER PL	14,512,415	0.68%
20	NUSKE ANDREW SCOTT	14,500,000	0.68%
		<b>740,527,251</b>	<b>34.84%</b>



## 6. Twenty largest unlisted option holders

The twenty largest option holders at 19 September 2018.

	Name	Number of Options	%
1	SHANDONG TIANYE REAL ESTATE DEVELOPMENT GROUP CO LTD	45,000,000	15.12%
2	MCNALLY CLAN INVESTMENTS PTY LTD	35,625,000	11.97%
3	CATLA MANAGEMENT INC	35,000,000	11.76%
4	CHANCERY ASSET MANAGEMENT PTE LTD	34,000,000	11.42%
5	INCOR HOLDINGS PLC	31,428,572	10.56%
6	CHESBREEZE PTY LTD	10,625,000	3.57%
7	SULARIA NOMINEES PTY LTD <KING SUPERFUND A/C>	10,000,000	3.36%
8	MR MATTHEW GILL & MRS CARMEL GILL <M&C GILL SUPER FUND A/C>	10,000,000	3.36%
9	DR RICHARD KAREL VALENTA & MS ROSEMARY ANN GALL <WATTLE CIRCLE SUPER A/C>	10,000,000	3.36%
10	MR ROGAN RICHARD YATES	7,500,000	2.52%
11	MR GREGORY ALLAN WRIGHT <WRIGHT FAMILY SUPER A/C>	7,500,000	2.52%
12	RYAN MOUNT	7,500,000	2.52%
13	MR NEIL NORMAN MOUNT	6,250,000	2.10%
14	MR DAVID JAMES AZAR	5,250,000	1.76%
15	BNP PARIBAS NOMINEES PTY LTD <BNP PARIBAS LDN UK BCH DRP>	5,000,000	1.68%
16	TPC PTY LTD <ADAM FREIER FAMILY A/C>	5,000,000	1.68%
17	MR JASON JON BOYER	5,000,000	1.68%
18	MOUNT AUSTIN ASSOCIATES LIMITED	3,500,000	1.18%
19	C.W BOSWERGER & S.N BOSWERGER & W.M BOSWERGER	3,125,000	1.05%
20	MR ALAN FROST	3,125,000	1.05%
		<b>280,428,572</b>	<b>94.21%</b>